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IN THE

Supreme Court of the United States

OCTOBER TERM, 1974

No. 74-1555

KAISER INDUSTRIES CORPORATION ET AL., *Petitioner*

vs.

JONES & LAUGHLIN STEEL CORPORATION, *Respondent*

MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE

and

BRIEF AMICUS CURIAE OF THE AMERICAN PATENT LAW ASSOCIATION IN SUPPORT OF THE PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

The American Patent Law Association respectfully moves for leave to file the annexed brief *amicus curiae* in support of the petition in the captioned case for a writ of certiorari to the United States Court of Appeals for the Third Circuit.

Consent to the filing of the annexed brief was sought from both parties through their attorneys of record.* This motion is necessary because the Respondent does not consent.

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* The correspondence requesting consent and the replies are reproduced herein at pages 4 to 7.

The American Patent Law Association has approximately 4,000 lawyer-members, all but a few of whom practice in the United States and are regularly engaged in obtaining patents, in counseling and in advocating in regard thereto. They constitute more than half of the lawyers in the United States specializing in patent law, are located in every part of the country, and represent a complete cross-section of clients. The Association is concerned, *inter alia,* with applications of the law in regard to patent rights.

The decision below regarding collateral estoppel under *Blonder-Tongue*[*] places in doubt how far a trial court may probe in determining in a principled way what constitutes, procedurally, substantively or evidentially, "a full and fair opportunity" to litigate in the first instance. Seemingly, the decision ordains that in the matter of collateral estoppel any exercise of judicial effort by a trial court in reviewing a prior trial for the purpose of weighing justice and equity must be rejected as a misallocation of judicial resources.

We believe that the Court below erred in basing its decision on the judicial economy considerations in *Blonder-Tongue* and denied the patentee the very protection of due process that this Court's forewarnings on justice and equity sought to safeguard.

The Association expresses no views on the private interests of the parties hereto but is deeply concerned about the issues of public importance here involved. Accordingly, this motion and the annexed brief are submitted to the end

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[*] *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation,* 402 U.S. 313 (1971).

that the uncertainties generated by the ruling below may be promptly resolved.

Respectfully submitted,

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EXHIBIT No. 1

June 30, 1975

William H. Webb, Esq.
Webb, Burden, Robinson & Webb
515 Oliver Building
Pittsburgh, Pennsylvania 15222

Re: Kaiser Industries vs. Jones &
Laughlin Steel Corporation

Dear Mr. Webb:

I am most appreciative of the courtesies extended to me in our telephone conversation of June 26, 1975. As I advised you, the American Patent Law Association seeks to file an Amicus Brief in support of the Petition for a Writ of Certiorari to the United States Supreme Court in the above identified case. I have been asked, and have agreed, to prepare such a brief.

In compliance with the requirements of the rules of the United States Supreme Court, I would appreciate having consent of Kaiser Industries to the filing of such a brief. If such a consent is forthcoming, I would appreciate it if the letter giving such consent would be addressed to Mr. A. R. Whale as president of the American Patent Law Association at the address which I have given below.

Thank you for your consideration and cooperation.

Very truly yours,

JAMES M. WETZEL
James M. Wetzel

JMW/cs
cc: Mr. A. R. Whale
President,
American Patent Law Association
Suite 203
2001 Jefferson Davis Highway
Arlington, Virginia 22202

EXHIBIT No. 2

July 7, 1975

A. R. Whale, Esq., President
American Patent Law Association
Suite 203
2001 Jefferson Davis Highway
Arlington, Virginia 22202

Re: Kaiser Industries Corporation et al., Petitioners, v. Jones & Laughlin Steel Corporation, Respondent, No. 74-1555

Dear Mr. Whale:

On behalf of Kaiser Industries Corporation et al., petitioners, Arthur J. Goldberg and I hereby consent to the filing of an Amicus Brief by American Patent Law Association in respect of the petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit which we recently filed. This consent extends to the filing of an Amicus Brief on the merits in the event that the petition is granted by the Supreme Court.

Sincerely yours,

By: WILLIAM H. WEBB
William H. Webb

WHW:jg

EXHIBIT No. 3

June 30, 1975

Walter J. Blenko, Jr., Esq.
Blenko, Buell, Ziesenheim & Beck
301 Fifth Avenue
Pittsburgh, Pennsylvania 15222

Re: Kaiser Industries vs. Jones &
Laughlin Steel Corporation

Dear Mr. Blenko:

I appreciated the courtesy extended to me in our telephone conversation of June 27, 1975. As I advised you, the Board of the American Patent Law Association has authorized the filing of an Amicus Curiae Brief in support of the Petition for Writ of Certiorari to the United States Supreme Court. Mr. A. R. Whale, president of the American Patent Law Association, has asked that I prepare such a brief.

The purpose of this letter is to ask the consent of Jones & Laughlin Corporation to the filing of a brief by the American Patent Law Association as an Amicus Curiae in support of the Petition for a Writ of Certiorari. According to the instructions given to me by Mr. Whale, mine is to be a limited approach to consideration of the "full and fairness" test of *Blonder-Tongue* as a precondition to a holding of collateral estoppel. I would hope that we can obtain the consent of your client.

Should you furnish such consent, I would appreciate it if the advising letter would be directed to Mr. A. R. Whale as president of the American Patent Law Association at the address listed below.

Thank you again for your consideration.

Very truly yours,

JAMES M. WETZEL
James M. Wetzel

JMW/cs
cc: Mr. A. R. Whale
President,
American Patent Law Association
Suite 203
2001 Jefferson Davis Highway
Arlington, Virginia 22202

EXHIBIT No. 4

July 8, 1975

Arthur R. Whale, Esq., President
American Patent Law Association
Suite 203
2001 Jefferson Davis Highway
Arlington, Virginia 22202

Re: Kaiser Industries Corp. et al. v.
Jones & Laughlin Steel Corp.

Dear Mr. Whale:

This is in answer to Mr. Wetzel's letter to me of June 30 and will confirm my telephone advices to you that same day.

Mr. Wetzel's letter, and your oral statement, are to the effect that the American Patent Law Association wishes to file an amicus brief in support of the pending Petition for Writ of Certiorari in which the Association will contend that prior to invoking a collateral estoppel the lower courts should give full and fair consideration to the circumstances surrounding the prior judgment. We believe the opinion of the Third Circuit shows it carefully applied the criteria of *Blonder-Tongue* v. *University Foundation* in considering whether the plaintiffs had a fair opportunity to litigate the validity of their patent in the earlier *McLouth* case. Accordingly, we do not see how the Association can urge that the petition be granted without necessarily taking a position on the merits.

Jones & Laughlin concurs in our views and has instructed us to inform you that it will not consent to the filing of an amicus brief by the Association.

The Association does not suggest that any fact or question of law has not been adequately presented by the petitioners. Accordingly, if the Association should move for leave to file an amicus brief under Rule 42(3), we are instructed to oppose the motion.

Very truly yours,

WALTER J. BLENKO, JR.
Walter J. Blenko, Jr.

WJBjr/bem

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Supreme Court of the United States

OCTOBER TERM, 1974

No. 74-1555

KAISER INDUSTRIES CORPORATION ET AL., *Petitioner*

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JONES & LAUGHLIN STEEL CORPORATION, *Respondent*

BRIEF AMICUS CURIAE OF THE AMERICAN PATENT LAW ASSOCIATION IN SUPPORT OF THE PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Because of the multiple courts involved in this patent-collateral estoppel case, a brief introduction is in order.

The patent of concern was found invalid by the United States District Court for the Eastern District of Michigan ("First Trial Court"), which finding was affirmed by the United States Court of Appeals for the Sixth Circuit ("Sixth Circuit Court"). Subsequently, validity of the same patent was placed in issue by another party before the United States District Court for the Western District of Pennsylvania ("Second Trial Court"). Pursuant to the ruling in *Blonder-Tongue**, the plea of collateral estoppel against relitigating validity was asserted. Based upon its

* *Blonder-Tongue Laboratories, Inc.* v. *University of Illinois Foundation*, 402 U.S. 313 (1971).

understanding of *Blonder-Tongue,* the Second Trial Court made an extensive review of the proceeding before the First Trial Court, concluded on the basis of justice and equity that the plea of estoppel should be denied, and held the patent valid. The United States Court of Appeals for the Third Circuit ("Third Circuit Court"), founded upon its different understanding of *Blonder-Tongue,* reversed the Second Trial Court's determination and ordered judgment for the defendant based on collateral estoppel. The simple issue presented is whether the Second Trial Court's or the Third Circuit Court's interpretation of *Blonder-Tongue* is correct.

I.

The United States Supreme Court in *Blonder-Tongue* abrogated the requirement of mutuality in pleas of collateral estoppel in regard to patent validity issues (*supra* at 334). In so doing, the Supreme Court reviewed the intricacies of patent suits (*supra* at 330-34) and found that, given the safeguard that the court in the second litigation must review the earlier trial court's determination of validity and "*must* decide in a principled way whether or not it is just and equitable to allow the plea of estoppel" (emphasis added) (*supra* at 334), the requirement for mutuality was no longer necessary. That decided, the Supreme Court also examined the economic consequences of adhering to the prior law and found therein further justification for "modification of the Triplett mutuality principle" (*supra* at 347). The Second Trial Court's understanding of *Blonder-Tongue* gave emphasis to the necessity for reviewing the First Trial Court's considerations; the Third Circuit Court's different understanding gave emphasis to economic consequences and the allocation of judicial resources.

The issue posed in this case by the Third Circuit Court, the Court below, was whether, as a matter of law, the Second Trial Court "properly interpreted and applied the *Blonder-Tongue* standards regarding collateral estoppel" (App. 30). In what we believe to be a misinterpretation of *Blonder Tongue,* the Third Circuit Court concluded that the Second Trial Court did not confine its inquiries to proper bounds, and that the procedure employed by the Second Trial Court resulted in a substantial misallocation of judicial resources and "undermines the very purposes of *Blonder-Tongue*" (App. 40). In our view, the more precise *Blonder-Tongue* issue in this case was the due process issue reviewed by the Second Trial Court and was, specifically, whether the finding that the patentee had not had a full and fair chance to litigate the validity of his patent in the earlier case had been correctly arrived at and whether, therefore, the Second Trial Court was justified by considerations of justice and equity in denying the plea of estoppel. That issue was not decided by the Third Circuit Court. These sharply contrasting interpretations of *Blonder-Tongue* have left the bar in a quandary as to the law of collateral estoppel in patent cases and how to advise their clients in this difficult area. Accordingly, review by this Court is deemed important and necessary.

II.

There are other unsettling questions about the decision below which come into focus when considered from this broader perspective.

A.

The Third Circuit Court made what we believe are inaccurate characterizations of the Supreme Court's deliberations in *Blonder-Tongue* and relied heavily on those mischaracterizations in its decision.

As a premise in its considerations, the Third Circuit Court incorrectly declared that *Blonder-Tongue* created a "pragmatic formula" which harmonized considerations of due process and judicial economy (App. 21). Although it is true that due process and judicial economy were two subjects considered by this Court in rendering its decision in *Blonder-Tongue,* the pervading law of the case was the abrogation of mutuality in collateral estoppel and how to safeguard due process in the absence of the requirement of mutuality. With regard to due process, the Supreme Court observed that the determination of whether the patentee had a full and fair chance to litigate "is . . . not a simple matter" (*supra* at 333) and that there is "no automatic formula" for proper ruling on estoppel pleas (*supra* at 334). Nowhere did the Supreme Court "harmonize" due process and judicial economy and it certainly created no pragmatic formula.

Additionally, the Third Circuit Court mistakenly charged that, according to *Blonder-Tongue,* a patentee has a heavy burden of persuading a second trial court "that the prior proceedings were seriously defective" (App. 24). The Supreme Court made no such charge but rather mandated that the patentee shall have the right ("must be permitted") to demonstrate the absence of a "fair opportunity" and reflected that "(t)his element in the estoppel decision will comprehend . . . the important concerns . . . that the prior proceedings were seriously defective." (*supra* at 333). The conversion of that statement of the patentee's due process rights into a severe statement of the patentee's burden of proof was unwarranted and critical to the Third Circuit Court's decision.

The result of these mischaracterizations is an anomaly, for the Third Circuit Court, in effect, denied the Second Trial Court the authority to decide the due process issue.

Thus, although the Second Trial Court apparently followed the Supreme Court's charge in *Blonder-Tongue* and made a factual determination with regard to a full and fair chance to litigate (App. 147), that determination was negated and the issue of due process remains unresolved. Judicial economy is always of importance; however, in a final analysis, it is due process that must be protected. The threat of denial of due process in future cases of this kind creates an additional need for review here.

B.

There was, in addition, a disturbing misapplication of the law on estoppel by file wrapper history.

According to the record, the doctrine of file wrapper estoppel was asserted by the First Trial Court, the Michigan Court, *sua sponte* and without an opportunity for rebuttal (App. 29, 205). However, as this Court pointed out in *Blonder-Tongue,* estoppel is an affirmative defense which must be pleaded pursuant to Federal Rule of Civil Procedure 8(c) (*supra* at 350). Thus, if logic follows, under Rule 8(c) and this Court's ruling in *Blonder-Tongue,* the decision based upon the defense of estoppel, asserted by the First Trial Court, *ex post facto,* must be ruled as procedurally unfair. Additionally, and contrary to the determination of the Third Circuit Court, the defense of file wrapper estoppel was "crucial" to the finding of invalidity (App. 32). This is so because under the law, where the defense of file wrapper estoppel is properly considered (that is, equivalence concluded) and found not applicable, then the prior determination of inadequacy of claims under 35 U.S.C. 112 becomes moot. Hence, here the reliance upon file wrapper estoppel by the First Trial Court was essential to the assertion of invalidity and was a substantive matter.

In summary, if in fact it be true that the crucial defense of file wrapper estoppel were raised *sua sponte* by the First

Trial Court, *a fortiori* in the circumstance of this case the patentee was denied a fair opportunity, both procedurally and substantively, to pursue his right to litigate the first time and was denied due process. To find differently is to distort the law on estoppel by file wrapper, and to lend confusion to another distinct but important segment of patent law. These additional uncertainties amplify the unsettling effect of the decision below and reinforce the need for a ruling by this Court.

Your amicus is moved to file this brief because the issues presented are of exceptional importance, and the bar pleads for the instruction that this Court's review will give.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that three copies of the foregoing were on the day of August, 1975 mailed by registered airmail to counsel for Petitioner and Respondent, respectively:

Arthur J. Goldberg
1101 Seventeenth St., N.W.
Washington, D.C. 20036

Walter J. Blenko
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.....
as agent for

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